

MINUTES

**MONTANA SENATE
59th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON ENERGY AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN KEN TOOLE**, on January 6, 2005 at 3:00 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Sen. Ken Toole, Chairman (D)
Sen. Brent R. Cromley (D)
Sen. Aubyn Curtiss (R)
Sen. Jeff Essmann (R)
Sen. Dan Harrington (D)
Sen. Dave Lewis (R)
Sen. Greg Lind (D)
Sen. Dan McGee (R)
Sen. Gary L. Perry (R)
Sen. Glenn Roush (D)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Casey Barrs, Legislative Branch
Claudia Johnson, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 50, 1/6/2005
Executive Action: None.

Please be advised there are no tapes for this meeting.

CHAIRMAN TOOLE opened the Committee hearing stating that **Commissioner Greg Jergenson** will open by presenting an overview of the Public Service Commission (PSC).

DISCUSSION ON PUBLIC SERVICE COMMISSION (PSC)

Commissioner Jergenson distributed a handout which he reviewed with the Committee. The PSC is made up of five members who are elected from geographic districts. They have staggered terms every four years due to members electing a chair every two years. **Commissioner Jergenson** presented a summary on the other four commissioners, who they are, and where they are located. He reviewed the PSC organizational chart, which shows the three divisions under the five member commission and the bureaus that serve under those divisions. The three divisions are: Transportation/Centralized Services; Utility; and Legal. He discussed each of these divisions by informing the Committee the roles that each one serves.

EXHIBIT (ens04a01)

The Transportation/Centralized Services Division is administered by Wayne Budt. This office regulates: motor carriers of passengers, household goods and garbage; railroad safety; and agency administrative needs, such as: information technology, personnel, payroll, and the library.

The Legal Division is administered by Robin McHugh. The Legal staff provides legal advice to the commission and staff related to proceedings before the PSC; represents the PSC when cases or issues go to court; and lead staff on rule-making.

The Utility Division is administered by Kate Whitney. The Legal office duties are: process, advise, and participate in rate cases; advise and assist commission on policy and complex rate issues; provide competitive market analysis; assist utility customers with questions and complaints. **Commissioner Jergenson** referred to the toll free number, 1-800-646-6150, available for this service; The Utility Division also monitors the quality of service provided by regulated utilities. **Commissioner Jergenson** discussed the role of the PSC as it involves the consuming public. He named some of the utilities that are regulated, such as; private, investor-owned natural gas, electric, telephone and water. The utilities that are not regulated are: rural electric and telephone coops, cable TV, internet service providers, cellular/wireless phone service, municipally-owned utilities, propane dealers, and telemarketing practices.

Commissioner Jergenson discussed major telecommunications issues about universal service and what it would encompass regarding eligible telecommunication carriers; will there be intercarrier compensation, what would the agreement include for interconnection, and will area service be extended. He talked about issues with Quest and new technology being developed. The PSC duties are based on the Federal Act of 1996, Telecom Act. Federal law mentions state PSCs 111 times. He stated that Congress is considering a rewrite of this law.

Commissioner Jergenson talked about the regulated natural gas utility companies. He said that Northwestern Energy (NW Energy) (formerly Montana Power Company) serves approximately 135,000 customers. He discussed NW Energy bankruptcy, and said the PSC is monitoring how they perform in the next two years. He talked about Montana-Dakota Utilities in northeastern Montana, and how they asked to be exempt from the restructuring, because North Dakota didn't want to be deregulated.

Commissioner Jergenson discussed HB 509 and SB 247 implemented in the 2003 Legislature. HB 509 established distribution utility as a default supplier, and set limits on retail customer choice that includes requirements that choice cannot increase default supply rates or add instability. SB 247 authorizes the PSC to approve in advance the price, term and quantity in power purchase agreements proposed by default supplier. He stated that in January of 2004, NW Energy filed a default supply plan. In August 2004, the PSC approved in advance the price term and quantity in a proposed power purchase agreement between NW Energy and Basin Creek. In July 2004, NW Energy issued all-source RFP. The specific resources requested: up to 150 MWS wind; up to 550 MW baseload after 2007; and up to 300 MW dispatchable. NW Energy has 35 long term bids submitted and they are currently analyzing short-listed bids. The PSC expects one or more applications for approval of power supply agreements in the first quarter of 2005.

Commissioner Jergenson closed stating that the PSC has three recommendations to the Legislature; flexibility, authority, and resources. He said the PSC needs the flexibility to avoid too much prescription, which will enable the PSC to respond to changing circumstances. He asked for authority that will be sufficient to carry out and enforce legislative direction. They need adequate resources to implement legislative direction, and work at regional and national levels. He distributed a handout of a grid that shows the use of energy and the dollar amounts between December 2003 and December 2004.

EXHIBIT (ens04a02)

CHAIRMAN TOOLE closed the discussion on the PSC.

HEARING ON SB 50

Opening Statement by Sponsor:

SEN. DAN MCGEE (R), SD 29, opened the hearing on SB 50, Revise alternative energy system loan laws.

He stated that this bill revises alternative energy systems loan laws by increasing the loan eligibility amount for alternative energy systems for small businesses, individuals and nonprofit entities. The alternative energy revolving loan account consists of money deposited into the account from air quality penalties, and money from any other source. The interest earned by the account and any interest that is generated from a loan repayment must be deposited into the account and used to sustain the program. The loan is to be used to build alternative energy systems; e.g., wind generator, hydrogen, solar, and other resources that will provide energy. The amount of the loan was \$10,000. This bill strikes that amount and increases the loan to \$40,000. He stated that rule-making authority requires that the loan be paid back within five years.

Proponents' Testimony:

Art Compton, Division Administrator for Planning, Department of Environmental Quality (DEQ), distributed a handout giving his support for SB 50. He informed the Committee that the program is under-utilized. There have been only eight loans granted so far; 6 solar photovoltaic systems, 1 wind generator, and 1 solar/wind hybrid system. He urged the Committee to give a do pass on this bill.

EXHIBIT(ens04a03)

EXHIBIT(ens04a04)

Chuck Magraw, representing Natural Resource Defense Counsel, and Renewable North West Project, stated his support for the bill.

The groups he represents are very interested in alternative resources for energy.

Patrick Judge, MEIC, stated his support for SB 50 and urged the Committee members for a do pass motion.

Mike Barrett, representing self, stated his support for SB 50.

Elias Harm, representing self, stated his support for SB 50.

Louise Moore, DEQ, stated her support for this bill.

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

SEN. AUBYN CURTISS asked **Mr. Compton** if there is any history regarding the loan repayments. **Mr. Compton** stated that out of the eight loans two of them have been repaid.

CHAIRMAN TOOLE asked **Mr. Compton** if government entities are eligible for this type of loan. **Mr. Compton** replied no.

CHAIRMAN TOOLE asked if schools can use this loan. **Mr. Compton** stated he didn't know, that it wasn't addressed in HB 12 from the last legislative session. He said he will check into this and get back to the Committee.

Closing by Sponsor:

SEN. MCGEE closed stating that he will also look into the possibility that schools would be eligible to use this type of loan and get back to the Committee before executive action is taken.

ADJOURNMENT

Adjournment: 5:00 P.M.

SEN. KEN TOOLE, Chairman

CLAUDIA JOHNSON, Secretary

KT/CJ

Additional Exhibits:

EXHIBIT ([ens04aad0.PDF](#))